

**Opening Statement of Chairman Tom Davis
Committee on Government Reform Hearing
“Is Uncle Sam Still Passing the Buck? The Burden of Unfunded Mandates on State,
County, and City Governments”
March 8, 2005**

Good Afternoon. I would like to welcome everyone to today's hearing on the burden of federal mandates on state, county and city governments. This hearing will provide a look back at the Unfunded Mandates Reform Act of 1995 a decade after its passage, and begin this Committee's work to determine how best to fulfill the promise of UMRA and strengthen the partnership among all levels of government. The reports, surveys and testimony provided by our witnesses today are going to provide us with a good starting point in this important discussion. As we begin, let me also say that this issue is of particular importance to me. As a former county official, I have personally experienced the strain that is oftentimes placed on our localities by overly prescriptive and burdensome mandates from the federal government.

Over the last decade, Congress and the rest of the Federal government have rightfully worked to transfer power out of Washington, D.C. down to state and local governments, who can more effectively and efficiently administer many governmental programs. Rooted in the belief that all issues not national in scope are most appropriately and effectively addressed at the levels of government closest to the people, UMRA was designed to restore balance to the federal system. The law accomplishes this goal through ensuring informed decisions by the Congress and the Executive Branch about the effects of federal mandates on other levels of government and the private sector.

While many of the requirements placed on states and localities by the federal government are necessary, we need to be reasonable in their application. We also need to view the unfunded mandates issue through a post-9/11 prism, understanding that a lot has changed in the past four years. A 21st century homeland security mission requires unprecedented coordination - not only in terms of planning and information sharing, but also in the dedication of resources. Looking at the world after 9/11, it's clear that not every federal mandate - whether or not its 100 percent funded - is a bad idea. Citizens expect all governments to take necessary actions to provide for their safety and security, and all government must share in the costs.

There is no denying States and localities are the backbone of our nation. They deliver an overwhelming majority of government services, and are primarily responsible for the issues most important to our citizens - from crime prevention to education to transportation to economic development, to name a few. If the federal government is not responsible in the imposition of federal mandates, we will be heaping additional costs upon our state and local governments that will inevitably displace and replace worthy and important state and local programs.

There have been signs that UMRA is working. According to CBO, the number of bills containing intergovernmental mandates decreased by one-third between 1996 and 2002. In addition, GAO has found that only three proposed intergovernmental mandates, as defined by UMRA, with annual costs exceeding the threshold have become law – an increase in the minimum wage in 1996, a change in federal funding for food stamps in 1997, and an adjustment in premiums for prescription drug coverage in 2003.

Despite the improvements made in the last decade, disagreements between the various levels of governments on the definition, size and scope of federal mandates continue and are detrimental to the intergovernmental coordination and cooperation that UMRA was meant to foster. The situation is all the more problematic when the federal government is running deficits, eliciting complaints that we are simply shifting tax increases to lower levels of government.

It has become clear to this Committee that, while UMRA has been a significant step in the right direction, it has not proven to be a “silver bullet.” Indeed, many have begun to express concern that UMRA is not an effective tool in preventing the imposition of unfunded mandates as a result of exclusions in coverage and various loopholes that exist in the law. The fact is, Congress would exempt itself from the laws of gravity if it could. Questions and challenges remain, and it is our hope to begin the process of answering some of them today. Our new Subcommittee on Federalism and the Census, ably chaired by Chairman Mike Turner, a former Mayor of Dayton, will delve deeper into this topic in the coming months in the hopes of providing proposals to strengthen UMRA. We are fortunate to have him on this Committee and I look forward to seeing his Subcommittee’s work on this and other issues as we move forward in the 109th Congress.

Today we have two panels with extensive experience working on this important issue, and I look forward to their testimony today. I want to especially thank NACo for their work in putting together a snapshot of the costs of federal mandates at my request, which is only a beginning, but it helps to bring home the importance in examining this issue closely. For instance, it is estimated that the \$40 billion cost estimate reported in the survey only accounts for approximately five percent of actual costs stemming from federal mandates. Imagine that if all the counties who responded only provided 5 percent of their federally mandated costs - the \$40 billion estimate could rapidly climb to as much as \$800 billion, a crippling burden. I am also particularly pleased that Gerry Connolly, Chairman of the Board of Supervisors from Fairfax County, was able to join us today. I look forward to your testimony and to continuing to work with you on this issue.